

# Moral Hazard Analysis: Illuminating the Moral Contribution of Important Stakeholders

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## Moral Hazard Analysis: Illuminating the Moral Contribution of Important Stakeholders

The article “Moral Hazard in Pediatrics” by Brumnquell and Michaelson (2016) offers an important perspective to consider when facing decisions for pediatric patients when the possibility of success is offset by significant burden. The authors apply a principle familiar to economics to legitimize underrepresented interests of key stakeholders in these emotionally charged situations. The word hazard invokes a sense of caution, in this case a warning against premature decision closure. Moral Hazard analysis exposes the role of healthcare providers as moral agents. Using moral hazard as a framework, one can appreciate how acknowledging healthcare provider moral distress is an opportunity to illuminate and consider important moral contributions especially from those who bear the burden of decisions made by others.

### **Moral Distress:**

Moral distress is an evolving construct with varying definitions in the literature. It is the experience of believing one knows the ethically correct thing to do however something or someone prevents one from acting, or actions fail to achieve the desired outcome (Whitehead et al, 2015). Moral distress is more than feeling sad when caring for a patient in tragic circumstances, although tragedy often goes hand in hand with moral distress. The feelings rise from a sense that one’s integrity is violated in some way (Varcoe, et al, 2012). The feelings may be triggered when an individual is acting to implement a plan of care that, on the face of it feels more harmful than beneficial, especially if that individual feels she had no voice in determining the course of the plan. This is especially true when healthcare providers are taking care of patients like the cases described by Brumnquell and Michaelson. These patients would surely die without aggressive medical technology and with medical technology might survive to live a life with significant burden that requires intense resources (Mekechuk, 2006, Trotochaud et al, 2015; Wilson et. al, 2013).

Moral distress of healthcare professionals matters. It has been suggested that the presence of moral distress should serve as a warning (Garros, Austin, and Carnevale 2015; Halpern, 2011). The reason to weigh and consider the perspective of a person experiencing moral distress is not because she is morally superior, or has the “right” view. It is because by listening to the concern, there is an opportunity to expose a moral hazard. Any time someone makes a decision that requires someone else to implement the decision the decision maker has an

obligation to listen to the perspective of the person who must act to implement the decision. There is a growing recognition that when individuals experience moral distress it is not a personal failing, rather a sign that a conscientious person may have insights into the ethical complexities of a plan of treatment (Garros et al). The elements of moral hazard reveal a language that offers an opportunity to open dialogue about the nature of moral distress. Once exposed, moral distress may help decision makers better appreciate the burden of the decision.

### **Exposing Risk Appetite**

One person often controls resources when other person(s) reap the benefit and others bear the burden once the resource is distributed. Moral hazard discussion is about exposing a risk appetite that may be disproportionately skewed in favor of any chance at a good outcome regardless of resource use or burden to be borne. The goal of the MH analysis is to balance the risks borne by relevant parties whose interests in the past may have been hidden. This approach elevates the interests of stakeholders who are not decision makers. It requires a transparent view of ever present, frequently unarticulated interests at stake that influence decision makers.

Whether it is a parent or a physician (the acknowledged decision makers in the care of pediatric patients) when the individual with the most power wishes to pursue an aggressive plan of treatment, seemingly with minimal chance at success, rather than ascribing some kind of negative intention behind the preference (denial) moral hazard analysis offers a more neutral reflection. The preference may be motivated by excessive risk appetite with misallocation of risk burden (it is easy to take a risk for a small chance at success if you are not the one who will suffer if the plan fails). Moral hazard analysis offers a different rationale for why a decision should be questioned in these circumstances. In the case of Peter, the decision makers clearly may have been influenced by conflated interests. In the care of Samantha, health care providers may actually be motivated by risk aversion, evidenced by a legal solution to an ethical problem (consulted their lawyer)

A moral hazard approach does not question the intention of the decision maker. In fact the examples identify situations where the decision makers are motivated by virtuous goals. The moral hazard situation contributes to decisions that unintentionally favor self-interest of the decision maker. The authors purport that it is the distorted reward potential that influences decisions not intentional self-interest. By making transparent risk appetite and resource allocation the impact of a moral hazard analysis is through influence.

## **Benevolent Persuasion**

People who have an ethics concern genuinely struggle with how to influence decision makers. This struggle may manifest itself as “if I can find the right words to convey to you what I know to be true, you will see it the way that I do, you will understand and your decision will be altered because of this new perspective.” Moral hazard analysis is a tool for persuasion in that it can help stakeholders gain new perspective on what influences decisions. Discussion of moral hazard may expose “unpleasant” but real interests. The application of moral hazard to these situations is not offered as a solution rather as an opportunity to expose hidden factors that influence decisions. Moral hazard analysis requires that we uncover (expose) what may be contributing to risk appetite and examine how resources are allocated.

An ethics analysis informed by moral hazard offers new perspectives without claiming to have a solution to intractable problems. The benefit of this approach is that it falls on the side of benevolent persuasion (using reasoned arguments to sway decision makers). Rather than change behavior, moral hazard applied in the pediatric context has the potential to change attitudes and help decision makers and key stakeholders focus on the patient. It exposes incentives decision makers may have for making risky decisions and explains why this is a challenge; the incentive is not moderated by risk exposure. Essentially, decision makers who are shielded from risk may be swayed by unrealistic incentives.

## **Human Resources**

Few would argue that for many years, healthcare insurers and their risk assessment strategies have been shaping healthcare in the United States. As noted by the authors, risk assessment has been used to discourage excessive use of resources. Despite the fact that healthcare providers are important resources to consider, there is little discussion about the impact of misallocation of providers. When healthcare providers become the agent of a burdensome choice with little or no benefit to one patient, the recognition that allocating skills and abilities to this patient restricts the potential for those skills and abilities to be allocated to another patient who has greater potential to benefit may lead to moral distress. The experience of moral distress should serve as an alarm that there is a moral hazard problem.

A moral hazard analysis by no means suggests the interests of all stakeholders are equal. It forces us to examine with intention the broader impact of decisions. Moral hazard legitimizes the experience of moral distress of healthcare providers who feel they are forced to implement a

decision over which they have little control, yet carry significant burden for implementation.

The model of moral hazard provides a sound rationale for why we should pay attention to moral distress of healthcare providers, why it deserves consideration. A moral hazard analysis may decrease excessive use of resources and abuse of the resource that is health care providers by considering and reflecting on the impact of moral distress. Consideration of moral distress should not and does not override interests of patients. It does enhance an intentional reflection on the consequences of decisions made on behalf of patients who cannot speak on their own behalf, especially pediatric patients.

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